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armanino

October 28, 2022

Mrs. Kelley Ogletree
Executive Director
Petroleum Storage Tank Insurance Fund
830 E. High Street, Suite B
Jefferson City, MO 65101

Dear Kelley:

Below you will find in PDF format (with printing capabilities only) Petroleum Storage Tank Insurance Fund Financial Statements as of June 30, 2022, along with our report and the communications of audit findings, observations and other matters. You should not alter the language or financial information included in the attached documents. If you have any questions regarding the attached, please call at your convenience.

As a reminder, any reproduction of the financial statements must be in their entirety, including our accompanying report. You may not include the financial statements and our report in an annual report, offering memorandum, or similar document without our review and approval.

Your opening of these documents indicates your understanding and acceptance of these conditions. Double-click the attached paperclips next to the word "attachments" below the signature line to access the financial statements and communications letters.

We appreciate this opportunity to provide professional services to you. If you require other assistance in this or another matter, please let us know.

Sincerely,

Armanino LLP

Armanino LLP

Attachments:

Petroleum Storage Tank Insurance Fund

Financial Statements
and Supplementary Information
and Other Audit Report

For the Fiscal Year Ended
June 30, 2022

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TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Petroleum Storage Tank Insurance Fund
Jefferson City, Missouri

Opinion

We have audited the accompanying financial statements of Petroleum Storage Tank Insurance Fund (a non-major fund of the State of Missouri corporation) (the "PSTIF"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Petroleum Storage Tank Insurance Fund as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Petroleum Storage Tank Insurance Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Petroleum Storage Tank Insurance Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Petroleum Storage Tank Insurance Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Petroleum Storage Tank Insurance Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability; the Schedule of Employer Contributions; and the Schedule of Proportionate Share of the Collective Net OPEB Liability, as listed in the table of contents, and presented on pages 26-29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of the Petroleum Storage Tank Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Petroleum Storage Tank Insurance Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Petroleum Storage Tank Insurance Fund's internal control over financial reporting and compliance.

Armanino LLP

Armanino[LLP]
St. Louis, Missouri

October 28, 2022

Petroleum Storage Tank Insurance Fund
Statement of Net Position
June 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	$ 43,152,799
Transport load fee receivable, net	1,929,936
Interest receivable	85,307
Total current assets	45,168,042
Property and equipment, net	20,279
Deferred outflow of resources	734,385
Total assets	$ 45,922,706

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	$ 409,538
Deferred revenue	497,898
Claims liability	11,000,000
Compensated absences	195,340
Total current liabilities	12,102,776
Long-term liabilities	
Claims liability	78,216,354
Net pension liability	2,656,794
Net OPEB liability	857,342
Deferred inflow of resources	785,585
Total long-term liabilities	82,516,075
Total liabilities	94,618,851
Net position	
Net investment in capital assets	20,279
Accumulated deficit	(48,716,424)
Total net position	(48,696,145)
Total liabilities and net position	$ 45,922,706

The accompanying notes are an integral part of these financial statements.

Petroleum Storage Tank Insurance Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

Operating Revenues	
Transport load, initial tank, and participation fees	$ 17,276,727
Miscellaneous income	1,476
Total revenues	17,278,203
Operating expenses	
Personnel services and fringe benefits	2,680,535
Operations	3,936,324
Specific programs - claims expense	10,388,418
Depreciation	4,517
Total operating expenses	17,009,794
Change in net assets from operating income	268,409
Investment earnings	209,553
Increase in net position	477,962
Net position, beginning of year	(49,174,107)
Net position, end of year	$ (48,696,145)

The accompanying notes are an integral part of these financial statements.

Petroleum Storage Tank Insurance Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

Cash flows from operating activities	
Revenues	
Cash received from customers and users	$ 17,351,164
Interest received on cash and investments	163,919
Total revenues	17,515,083
Cash payments for claims	8,384,952
Cash payments to vendors for goods and services	6,431,636
Total expenses	14,816,588
Net cash provided by operating activities	2,698,495
Cash flows from investing activities	
Purchase of property and equipment	(9,237)
Net cash used in investing activities	(9,237)
Net increase in cash and cash equivalents	2,689,258
Cash and cash equivalents, beginning of year	40,463,541
Cash and cash equivalents, end of year	$ 43,152,799
Cash flows from operating activities	
Change in net assets	$ 477,962
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	4,517
Pension and OPEB expense	171,100
Changes in operating assets and liabilities	
Increase in transport load fees receivable, net	74,502
Decrease in accrued interest receivable	(45,634)
Increase in other receivables	17,975
Increase in claims liability	2,003,466
Decrease in deferred revenue	(65)
Decrease in accounts payable and accrued expenses	(5,328)
Net cash provided by operating activities	$ 2,698,495

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The Petroleum Storage Tank Insurance Fund (a non-major fund of the State of Missouri) (the "PSTIF"), created by Section 319.129, RSMo, in 1989, is an independent, self-supporting, governmental entity governed by an eleven-member board of trustees (the "Board"). State law indicates that the PSTIF will expire on December 31, 2030, with the exception of completing payment of claims made prior to that date. The purpose of the PSTIF is to provide insurance coverage for petroleum storage tank owners for the expenses of cleaning up a leak, as well as third-party property damage and bodily injury resulting from leaks. The law requires the owner/operator to comply with certain Department of Natural Resources (DNR) and Department of Agriculture operating requirements in order to be insured. In addition, the Board reimburses for the expenses to clean up sites where petroleum storage tanks have been closed, if they meet certain criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

The PSTIF is a non-major fund of the State of Missouri (the "State"), as defined by Governmental Accounting Standards Board (GASB) Statement No. 34.

These financial statements include those transactions under the operational control of the PSTIF's Board, as well as transactions under the control of other state agencies that receive appropriations from the PSTIF.

Basis of presentation

The Board accounts for its activities as an enterprise fund, a type of proprietary fund. Proprietary funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Method of accounting

The accrual basis of accounting is utilized for the PSTIF. With this measurement focus, revenues are recognized when earned and expenses are recorded when incurred. The Board recognizes revenue on transport load fees based on when the fee was incurred by the transporter. Participation fees are earned based on the period in which the owner/operator is being insured. The Board recognizes claims liabilities and the related expenses when the Board becomes aware of contamination at a storage tank site and estimates the costs to clean up the contamination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and cash equivalents

Pooled cash and cash equivalents include cash and short-term investments with a maturity of three months or less from the date of purchase, which are invested by the State Treasurer as part of the State's cash pool. All deposit and investment risks are controlled by the State Treasurer. Information concerning the State's deposit and investment risks may be found in the State's Annual Comprehensive Financial Report ("ACFR"). Because claims are paid incrementally over an extended period, investment income has a significant impact on the present value of ultimate losses.

Receivables and uncollectible accounts

Accounts receivable are comprised of transport load fees due to the State. The Board has provided for an allowance for doubtful accounts related to state billings totaling $6,953, where the State has filed proceedings on bankruptcy against some companies, and for billings that are more than twelve months old.

Restricted assets

Restricted assets include assets that are legally restricted as to their use. Restricted assets are used first when both restricted and unrestricted assets could be used for the same purpose. The Board currently has no restricted assets.

Capital assets

All capital assets for the PSTIF (held both by the PSTIF and DNR) with useful lives of more than one year and valued at greater than $1,000 are stated at historical cost. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method with estimated useful lives from 3 to 5 years. The DNR calculates the depreciation on its applicable assets and provides the amounts to the Board. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets (continued)

PSTIF evaluates whether events and circumstances have occurred that indicate that the remaining estimated useful life of capital assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed at June 30, 2022.

Claims liability

Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The PSTIF has claims liability for the cost of contamination cleanup for participants and other eligible site owners who have submitted notice of a contamination. Because actual claims liabilities depend on such complex factors, the process used in computing claims liability does not necessarily result in that exact amount. These liabilities are reported as part of the total claims liability at year end. Claims liabilities are reevaluated continually on each case to take into consideration recently settled claims, additional cost considerations, and other economic and social factors.

The methods for making such estimates and for establishing the resulting claims liability are continually reviewed by management and PSTIF's independent actuary and any adjustments are reflected in the change in net position.

Employee fringe benefits

State employees, including those employed by or paid from the PSTIF, are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the State's healthcare, optional life insurance, deferred compensation, and cafeteria plans. The optional life insurance, cafeteria plan, and deferred compensation plan involve only employee contributions or payroll deductions.

The State's required contributions for employee fringe benefits are paid from the same funds as the related payroll. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits), social security, and Medicare taxes and healthcare premiums. For information on the State's fringe benefits, see the State's ACFR.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of MOSERS and additions to/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other post-employment benefits

For purposes of measuring the net other post-employment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Missouri Consolidated Health Care Plan (MCHCP) and additions to/deductions from MCHCP's fiduciary net position have been determined on the same basis as they are reported by MCHCP. For this purpose, employer contributions are recognized as revenue when due and payable. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Operating revenues

The PSTIF receives the following fee revenues:

- Transport load fee - Received based upon each load of petroleum brought into the State. Effective January 1, 2019, the fee increased to $28 per 8,000 gallons of petroleum.
- Initial tank fee - One time fee of $100 per tank paid by the tank owners and operators for participation in the PSTIF.
- Participation fee - Paid by the tank owners and operators who apply for and receive insurance coverage from the Board. The fee is assessed on each tank insured annually. This fee currently ranges from $100 to $200 per tank insured.

Approximately all of the PSTIF's revenue is generated from a single industry within the State of Missouri.

Classification of operating and non-operating revenue

The Board has classified its revenues as either operating or non-operating revenues according to the following criteria:

- Operating revenues - Include activities that have the characteristics of exchange transactions, such as charges for program participation. Also, included in operating revenues are transport load fees, which the State has identified as the primary source of program funding.
- Non-operating revenues - Include interest on deposits and investments.

Deficit fund balance

The PSTIF had a deficit fund balance as of the year ended June 30, 2022 of $48,696,145. Under Section 319.132, RSMo, the Board has authority to increase the transport load fee to a maximum of $60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of $500 per tank per year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deficit fund balance (continued)

These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities.

Subsequent events

The PSTIF evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 28, 2022, which is the date the financial statements were available to be issued.

Prior Period Adjustment

The beginning net position has been restated to record a prior period adjustment to correct consulting services expensed during the current fiscal year which should have been expensed in the prior fiscal year.

A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Prior period ending net position	$ (48,953,389)
Adjustment to correct consulting service expenses	(220,718)
	$ (49,174,107)

3. PROPERTY AND EQUIPMENT

The activity of the capital assets and accumulated depreciation for the fiscal year ended June 30, 2022 was as follows:

	Opening Balance	Additions	Deletions	Total
Equipment	$ 153,932	$ 9,237	$ -	$ 163,169
Equipment Accumulated Depreciation	(138,373)	(4,517)	-	(142,890)
	$ 15,559			$ 20,279

Total depreciation expense for the fiscal year ended June 30, 2022 was $4,517.

4. CLAIMS LIABILITY

The PSTIF's reconciliation of its beginning and ending claims liabilities is summarized as follows:

Claims liability - beginning of fiscal year	$ 87,212,888
Incurred, attributable to:	
Current fiscal year	8,964,149
Prior fiscal years	1,424,269
	10,388,418
Paid, attributable to:	
Current fiscal year	(645,904)
Prior fiscal years	(7,739,048)
	(8,384,952)
	$ 89,216,354

The Board normally conducts an actuarial analysis of its loss and loss adjustment expense reserves every year. The most recent analysis was performed for the year ended June 30, 2022. In this actuarial report, the actuary projected the Incurred But Not Reported ("IBNR") reserves based on historical payment and reporting patterns experienced by the client. These projections led to a decrease in IBNR reserve of $1,104,000.

5. EXCESS INSURANCE

Effective October 1, 2020, PSTIF purchased excess insurance coverage for claim defense costs, which provided PSTIF with $1,000,000 per claim coverage during the excess policy period. PSTIF non-renewed the excess insurance coverage on September 30, 2021 and did not record any excess insurance recoverable related to the coverage.

6. COMPENSATED ABSENCES

State employees, including those employed by or paid by the Board, are granted vacation, sick, and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation and compensatory hours are included in accrued liabilities as a current liability in the accompanying Statement of Net Position (Accumulated Deficit). The costs of sick leave are recorded when paid and are not accrued. The total unpaid compensated absences as of the year ended were $195,340.

7. COMMITMENTS AND CONTINGENCIES

Commitments

The Board contracts with a third-party administrator to provide claims management, administrative services, record keeping, data management, and special projects.

7. COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

The PSTIF is a party to various lawsuits arising in the normal course of business. While the results of other litigation cannot be predicted with certainty, management, based on advise of the PSTIF's counsel, believes the final outcome of the other litigation will not have a material adverse effect on the PSTIF's financial position.

8. RELATED PARTY TRANSACTIONS

Some members of the Board also participate in fund operations in the normal course of business by way of fees paid from their businesses. As of fiscal year end, three related parties paid insurance participation fees in the amount of approximately $118,000, to the PSTIF. There were no outstanding receivables from these parties of June 30, 2022.

During the fiscal year, three related parties received claim-related payments in the amount of approximately $588,000 from the PSTIF. Claim reserves in the amount of approximately $4,738,000, for these related parties' claims were estimated by the PSTIF and were included in short-term and long-term liabilities as of June 30, 2022. Specific identification of the short-term and the long-term portion of these claims cannot be readily determined. Therefore, they have not been separately identified on the Statement of Net Position (Accumulated Deficit) at June 30, 2022.

9. PENSION PLANS

General information about the pension plan

Plan description - Benefit eligible employees of the PSTIF are provided with pensions through Missouri State Employees' Plan (MSEP), a cost-sharing multiple-employer defined benefit pension plan administered by MOSERS. The plan is referred to as MOSERS in the notes. Section 104.320, RSMo, grants the authority to establish a defined benefit plan for eligible state and other related PSTIF employees. MOSERS issues an ACFR, a publicly available financial report that can be obtained at www.mosers.org.

Benefits provided - MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' ACFR, starting on page 30.

9. PENSION PLANS (continued)

General information about the pension plan (continued)

Contributions - Per Section 104.436 of the RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The PSTIF's required contribution rate for the year ended June 30, 2022, was 23.51 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The contribution rate for the MOSERS plan for the year ended June 30, 2021, was 22.88 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan from the PSTIF were $316,264, for the year ended June 30, 2022.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2022, the PSTIF reported a liability of $2,656,794, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Total pension liability was offset by the fiduciary net position obtained from MOSERS ACFR as of June 30, 2021, to determine net pension liability.

The PSTIF's proportion of the net pension liability was based on the PSTIF's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2021. At the June 30, 2021, the measurement date, the PSTIF's proportion was 0.07 percent.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2021, that affected the measurement of total pension liability. The PSTIF recognized pension expense of $154,396 during the fiscal year ended June 30, 2022.

9. PENSION PLANS (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

At June 30, 2021, the PSTIF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,709	$ (14,903)
Changes of assumptions	235,581	-
Net difference between projected and actual earnings on pension plan investments	-	(607,272)
Changes in proportion and differences between fund contributions and proportionate share of contributions	23,520	-
Fund contributions subsequent to the measurement date of June 30, 2021	316,264	-
	$ 629,074	$ (622,175)

The $316,264, reported as deferred outflows of resources related to pensions resulting from the PSTIF contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the PSTIF's fiscal year following MOSERS' fiscal year as follows:

Year ending June 30,	
2023	$ 28,079
2024	4,916
2025	(168,813)
2026	(187,345)
	$ (323,163)

Actuarial assumptions

The total pension liability in the June 30, 2021 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

9. PENSION PLANS (continued)

Actuarial assumptions (continued)

Inflation	2.25%	approximate
Salary increases	2.75 to 10.00%	including inflation
Wage inflation	2.25%	
Investment rate of return	6.95%	per year, compounded annually, net after investment expenses and including inflation

Pre-retirement mortality rates were based on the Pub-2010 General Members Below Median Employee mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104%, set back two years for males and set forward one year for females. Mortality projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members Below Median Contingent Survivor mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

In July 2018, the Board made several changes to actuarial methods and assumptions based upon a review of actuarial methods and economic assumptions performed by its outside actuarial consultant. Based upon this study, the Board voted to reduce the investment rate of return assumption to 7.25% with a 2.50% inflation assumption, effective June 30, 2018; then to 7.10% with a 2.35% inflation assumption, effective June 30, 2019; and then to 6.95% with a 2.25% inflation assumption, effective June 30, 2021, and thereafter. Effective June 30, 2021, the Board revised the projected salary increases to be between 2.75 - 10.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, volatility and correlations.

9. PENSION PLANS (continued)

Actuarial assumptions (continued)

Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation based on risk as of June 30, 2021, are summarized in the following table:

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return*	Weighted Average Long-term Expected Real Rate of Return
Global public equities	30.00 %	5.80 %	2.30 %
Global private equities	15.00	7.40	1.40
Long treasuries	25.00	1.60	0.90
Core bonds	10.00	1.20	0.30
Commodities	5.00	3.60	0.30
TIPS	25.00	0.80	0.70
Private real assets	5.00	5.20	0.30
Public real assets	5.00	5.80	0.40
Hedge funds	5.00	2.90	0.20
Alternative beta	10.00	3.40	0.50
Private credit	5.00	7.60	0.50
Cash and equivalents	(40.00)	-	-
	100.00 %	45.30 %	7.80 %

*Represent best estimates of geometric rates of return for each major asset class included.

Discount rate - The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. PENSION PLANS (continued)

Actuarial assumptions (continued)

Sensitivity of the PSTIF's proportionate share of the net pension liability to changes in the discount rate - The following presents the PSTIF's proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the PSTIF's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
PSTIF's proportionate share of the net pension liability	$ 3,501,784	$ 2,656,794	$ 1,951,333

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Payables to the pension plan

As of June 30, 2022, the PSTIF did not report any payables to MOSERS, as all required contributions were made as of the fiscal year ended.

10. OTHER POST-EMPLOYMENT BENEFITS

General information about the plan

Plan description - The Missouri Consolidated Health Care Plan (MCHCP or the Plan) operates a cost-sharing multiple employer, defined benefit Other Post-Employment Benefits Plan (OPEB), the State Retiree Welfare Benefit Trust (SRWBT). PSTIF employees may participate at retirement if eligible to receive a monthly retirement benefit from either MOSERS or another retirement system whose members are grandfathered for coverage under the Plan by law. The terms and conditions governing post-employment benefits are vested with the MCHCP Board of Trustees within the authority granted under Section 103 of the Revised Statutes of Missouri (2000) as amended (“RSMo”) 103.003 through 103.178. The SRWBT does not issue a separate stand-alone financial report.

Financial activity of the SRWBT is included in MCHCP’s ACFR as a fiduciary fund and is intended to present only the financial position of the activities attributable to the SRWBT. Additionally, MCHCP is considered a component unit of the State of Missouri reporting entity and is included in the State’s financial report. The Plan's financial statements are available on MCHCP's website at www.mchcp.org.

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

General information about the plan (continued)

Benefits provided - The SRWBT was established and organized on June 27, 2008, pursuant to Section 103.003 through 103.178 RSMo to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the state and their dependents who meet eligibility requirements except for those retired members covered by other OPEB plans of the State. MCHCP's three medical plans offer the same, basic coverage such as preventative care, freedom to choose care from a nationwide network of primary care providers, specialists, pharmacies and hospitals, usually at a lower negotiated group discount and the same covered benefits for both medical and pharmacy. Benefits are the same in all three plans, other aspects differ such as premium, deductible, and out of pocket costs. Retiree benefits are the same as for active employees.

At the participant census date of July 1, 2021, membership information consisted of the following:

Active employees	36,083
Participants and spouses in payment status	21,634
Participants with a deferred benefit	79
Disabled participants	64

Basis of accounting and presentation - The SRWBT financial statements are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Employer contributions are recognized as revenue when due and payable. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Allocation methodology - In determining the proportionate share allocation, GASB Statement 75 requires the basis for each employer's proportion be consistent with the determination of the OPEB contributions. Utilizing the required employer OPEB contributions based upon reportable compensation during the fiscal year was determined by management to be an appropriate allocation methodology. Each employer's proportionate share allocation is determined by dividing each employer's required contributions to the SRWBT during the measurement period by the percent of contributions required from all applicable employers during the measurement period.

Contributions - Contributions are established and may be amended by the MCHCP Board of Trustees with the authority granted under Section 103 of RSMo 103.003 through 103.178. For the fiscal year ended June 30, 2021, PSTIF was required to contribute 4.29% for the period July 1, 2020, through December 31, 2020, and 4.22% for the period January 15, 2021, through June 30, 2021, of gross active employee payroll toward their required contributions. Contributions to the Plan from the PSTIF were $56,824, for the year ended June 30, 2022.

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2022, the PSTIF reported a liability of $857,342, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The PSTIF's proportion of the net OPEB liability was based on the PSTIF's actual share of contributions to the OPEB relative to the actual contributions of all participating employers for the Plan year ended June 30, 2021. At the June 30, 2021, the measurement date, the PSTIF's proportion was 0.07 percent.

There were no changes in benefit terms during the Plan's plan year ended June 30, 2021, that affected the measurement of total OPEB liability. For the fiscal year ended June 30, 2022, the PSTIF recognized OPEB expense of $16,704.

At June 30, 2022, the PSTIF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 47,990	$ (11,997)
Changes of assumptions	-	(147,822)
Net difference between projected and actual earnings on pension plan investments	-	(3,591)
Changes in proportion and differences between fund contributions and proportionate share of contributions	497	-
Fund contributions subsequent to the measurement date	56,824	-
	$ 105,311	$ (163,410)

The $56,824, reported as deferred outflows of resources related to OPEBs resulting from the PSTIF contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense in the PSTIF's fiscal year following the Plan's fiscal year as follows:

- The components of collective deferred outflows of resources and deferred inflows of resources are amortized into OPEB expense beginning the year in which the difference occurs. Deferred inflows and outflows, except for the change in proportion, are allocated based on each employer's proportionate share of contributions for the fiscal year.

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

- The difference between expected and actual investment earnings on OPEB plan investments is amortized as a component of OPEB expense over 5 years on a straight-line basis while the differences between expect and actual experience and changes in assumptions are amortized as a component of OPEB expense over the expected average remaining service lifetime (EARSL) of all participants (8.04 years for the measurement period June 30, 2021).
- Deferred inflows and outflows related to the change in proportion used for allocation purposes from one fiscal year to the next are estimated by reallocating beginning balances using the ending allocation percentage and amortizing the difference over the EARSL as a component of OPEB expense. The remaining unamortized deferred inflows and outflows are reported in the Schedule of OPEB Amounts by Employer. Each year's layer of deferred inflows and outflows retains its original calculated EARSL.

The cumulative amounts of collective net deferred outflows (inflows) of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2023	$ (17,753)
2024	(18,234)
2025	(18,377)
2026	(18,921)
2027	(17,218)
Thereafter	(24,420)
	$ (114,923)

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial assumptions

Actuarial valuations for PSTIF involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation to determine the PSTIF's total OPEB liability is required to be performed at least every two years. The SRWBT valuation is performed annually, but should the valuation not be performed as of the fiscal year end, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the SRWBT plan's fiscal year end. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The collective total OPEB liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of July 1, 2021, with updated procedures used to roll forward the total OPEB liability to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Valuation year	July 1, 2020	to	June 30, 2021
Actuarial cost method	Entry age normal,		level percentage of payroll
Asset valuation method	Market value		
Inflation	3.0%		
Projected payroll growth rate	4.0%		
Investment rate of return	4.50%		per year, compounded annually, net after investment expenses and including inflation

Long-term expected rate of return - The target allocation and best estimates of arithmetic real rate of returns for each major asset class are listed below:

Asset Class	Target Allocation	Expected Real Rate of Return
Large cap stocks	18.00 %	8.50 %
Mid cap stocks	7.00	8.80
Small cap stocks	9.00	8.80
International stocks	5.00	8.90
BarCap aggregate bonds	59.00	2.70
Cash equivalents	2.00 %	2.20 %

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial assumptions (continued)

Discount rate - A discount rate of 4.50% was used to measure the total OPEB liabilities. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. This discount rate was determined as a blend of the best estimate of the expected return on plan assets and, the 20-year high quality municipal bond rate as of the measurement date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal Bond Buyer 20-Bond General Obligation Index rate is utilized.

Sensitivity of the net OPEB liability to changes in the discount rate - As required by GASB Statement No. 75, the following table presents PSTIF's net OPEB liability, calculated using a discount rate of 4.50%, as well as what PSTIF's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
PSTIF's proportionate share of the net OPEB liability	$ 1,024,801	$ 857,342	$ 724,342

The following table presents PSTIF's net OPEB liability, calculated using the trend rate as well as what PSTIF's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PSTIF's proportionate share of the net OPEB liability	$ 722,781	$ 857,342	$ 1,027,506

The following table provides details of the OPEB plan expense for the fiscal year ended June 30, 2022:

Service cost	$ 29,377
Interest on the total OPEB liability	59,417
Difference between expected and actual experience	5,137
Changes of assumptions	(22,566)
Projected earnings on plan investments	(5,217)
Difference between projected and actual earnings on plan investments	(353)
	$ 65,795

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial assumptions (continued)

Net OPEB liability - The net OPEB liability is measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. In actuarial terms, this is the accrued liability less the market value of assets.

The components of the net OPEB liability at June 30, 2021, are as follows:

Total OPEB liability	$	990,978
Plan fiduciary net position		(133,636)
	$	857,342

Payables to the Plan

As of June 30, 2022, the PSTIF did not report any payables to the Plan as all required contributions were made as of the fiscal year ended.

SUPPLEMENTARY INFORMATION

Petroleum Storage Tank Insurance Fund
Schedule of Proportionate Share of the Net Pension Liability
Missouri State Employee's Retirement System
June 30, 2022

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2022	0.0700%	$2,656,794	$1,185,346	277%	63.00%
6/30/2021	0.0800%	$3,089,640	$1,331,447	318%	55.48%
6/30/2020	0.0600%	$2,789,181	$968,834	311%	56.72%
6/30/2019	0.0600%	$2,513,874	$964,341	287%	59.00%
6/30/2018	0.0600%	$2,323,983	$968,668	265%	60.41%
6/30/2017	0.0600%	$2,285,437	$954,002	240%	6360%
6/30/2016	0.0600%	$1,581,728	$954,086	166%	72.62%
6/30/2015	0.0462%	$ 896,456	$743,875	121%	79.49%

Note: These Schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* Based on measurement date and actuarial valuation as of the end of the preceding year.

Changes of Benefit Terms: There were no changes to benefit terms in the plans for the year ended June 30, 2022.

Petroleum Storage Tank Insurance Fund
Schedule of Employer Contributions
Missouri State Employee's Retirement System
June 30, 2022

Year Ended	Contractually Required to Contribute	Actual Employer Contributions	Contribution Excess/ Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	$271,207	$271,207	$ -	$1,185,346	22.88%
6/30/2021	$289,856	$289,856	$ -	$1,331,447	21.77%
6/30/2020	$195,822	$195,822	$ -	$968,834	20.31%
6/30/2019	$187,560	$187,560	$ -	$964,341	20.21%
6/30/2018	$164,399	$164,399	$ -	$968,668	19.45%
6/30/2017	$161,810	$161,810	$ -	$954,002	16.97%
6/30/2016	$155,026	$155,026	$ -	$954,086	16.96%
6/30/2015	$150,733	$150,733	$ -	$743,875	16.68%

Note: These Schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Figures are determined on the PSTIF's proportionate share of the State of Missouri's contributions (0.0700% FY21 and 0.0800% prior).

Notes to the Schedule:

Changes of Benefit Terms: There were no changes to benefit terms in the plans for the year ended June 30, 2022.

Changes of Assumptions: Economic and demographic assumptions were updated by the Board of Trustees on July 16, 2016, to be first effective for the June 30, 2016, valuation. The most significant percent to 7.10% and the adoption of new mortality tables. Mortality rates for the post-retirement mortality are now based on the RP-2014, Health Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120% The pre-retirement mortality table used is now the RP-2014, Employ mortality table, projected to 2026 with Scale MP 2015 and scaled by 95% for males and 90% for females.

In July 2018, the Board voted to reduce the investment rate of return assumption to 7.25% with a 2.50% inflation assumption, effective June 30, 2018; then to 7.10% with a 2.35% inflation assumption, effective June 30, 2019; and then to 6.95% with a 2.25% inflation assumption, effective June 30, 2021, and thereafter. Effective June 30, 2021, the Board revised the projected salary increases to be between 2.75 - 10.00%.

Petroleum Storage Tank Insurance Fund
Schedule of Proportionate Share of the Net OBEP Liability
Missouri Consolidated Health Care Plan
June 30, 2022

Year Ended*	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Actual Covered Member Payroll	Proportionate Share of the Collective Net OPEB Liability	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2022	0.07%	$857,342	$1,346,540	157.06%	8.24%
6/30/2021	0.08%	$903,396	$1,274,136	141.04%	8.24%
6/30/2020	0.08%	$899,139	$819,436	109.73%	7.31%
6/30/2019	0.08%	$891,624	$816,402	109.21%	6.90%
6/30/2018	0.08%	$898,401	$761,357	118.67%	6.64%

*Based on the end of the preceding fiscal year.

Note: These Schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Changes of Benefit Terms: There were no changes to benefit terms.

Changes in Assumptions: The discount rate increased from 4.38% to 4.50%

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

armanino

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Petroleum Storage Tank Insurance Fund
Jefferson City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Petroleum Storage Tank Insurance Fund (a non-major fund of the State of Missouri corporation) (the "PSTIF"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the PSTIF's basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PSTIF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PSTIF's internal control. Accordingly, we do not express an opinion on the effectiveness of the PSTIF's internal control.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PSTIF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PSTIF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PSTIF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Armanino LLP

Armanino[LLP]
St. Louis, Missouri

October 28, 2022

Petroleum Storage Tank Insurance Fund

Communication with Those Charged with Governance

June 30, 2022

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October 28, 2022

Board of Trustees
Petroleum Storage Tank Insurance Fund
Jefferson City, Missouri

We have audited the business-type activities of the Petroleum Storage Tank Insurance Fund ("PSTIF") for the year ended June 30, 2022, and have issued our report thereon dated October 28, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 20, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements, prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the requires supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the required supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of PSTIF and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to PSTIF or to acts by management or employees acting on behalf of PSTIF.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PSTIF are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by PSTIF during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the claims liability. This estimate is based on prior experience with liabilities of similar type. We evaluated the key factors and assumptions used to develop the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, the classification of current and non-current portions of the claims liability is management's estimate.

> Management's estimate of the allowance for doubtful accounts. This estimate is based on prior experience with assets of similar type. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of claims liability in Note 4 to the financial statements represents an accumulation of various estimates, assumptions, and actuarial determinations.

> Management's disclosure related to pension and OPEB liabilities, expense and related deferred resources.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The material misstatement detected as a result of audit procedures was corrected by management and is included in the attached copy of the signed management representations.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 28, 2022.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to PSTIF's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as PSTIF's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As described in the independent auditor's report, PSTIF's financial statements did not include a Management Discussion and Analysis, which is required supplementary information under U.S. generally accepted accounting principles. The independent auditor's report has been modified to reflect the exclusion of such required supplementary information..

Other Matters

With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the required supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of Petroleum Storage Tank Insurance Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Armanino LLP

Armanino LLP

Petroleum Storage Tank Insurance Fund

October 28, 2022

Armanino LLP

This representation letter is provided in connection with your audit of the financial statements of Petroleum Storage Tank Insurance Fund (the "PSTIF"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 28, 2022, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 20, 2022, including our responsibility for the preparation and fair presentation of the financial statements.

2. Except for the exclusion of a Management Discussion and Analysis, the financial statements referred to above are fairly presented in conformity with U.S. GAAP.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the PSTIF is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

11. We are in agreement with the journal entries included in Attachment A to this letter, including:

    a The PSTIF prepared closing entries (PBC) are accurate and complete and agree to the PSTIF's ledger.

    b The adjusting journal entry proposed has been recorded in the PSTIF's ledger.

12. We have complied as appropriate with applicable GASB statements, including, No. 68 and 75, and have reviewed the allocations made by the state of Missouri to the PSTIF for completeness and accuracy.

13. PSTIF's aggregate reserves, account values, and related financial statements items are based on appropriate actuarial assumptions, are prepared in accordance with U.S. GAAP, are fairly stated in accordance with sound actuarial principles, applied on a consistent basis, and include provision for all actuarial liabilities and related financial statement items that should be established. In connection with this, the related master files and valuation listings and summaries represent materially complete and accurate record of all contracts in force at June 30, 2022.

14. PSTIF believes that the actuarial and reserve balances presented in the financial statements are fairly stated in accordance with U.S. GAAP and are properly included in PSTIF's financial statements.

    a Claims liability, current and non-current: $89,216,354.

15. The allowance for doubtful accounts of $6,953 has been reviewed and is deemed to be reasonably stated. The remaining balance of deposits and accounts receivable has been reviewed and are deemed to be fully collectible.

Information Provided

16. We have provided you with:

a Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

b Additional information that you have requested from us for the purpose of the audit.

c Unrestricted access to persons within the PSTIF from whom you determined it necessary to obtain audit evidence.

17. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

18. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

19. We have no knowledge of any fraud or suspected fraud that affects the PSTIF and involves:

    a Management,

    b Employees who have significant roles in internal control, or

    c Others where the fraud could have a material effect on the financial statements.

20. We have no knowledge of any allegations of fraud or suspected fraud affecting the PSTIF's financial statements communicated by employees, former employees, analysts, regulators, or others.

21. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

22. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

23. We have disclosed to you the identity of the PSTIF's related parties and all the related party relationships and transactions of which we are aware.

24. The PSTIF has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

26. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

27. We have disclosed to you all specialists retained by PSTIF whose services affected the financial statements.

28. We have reviewed our estimated income and estimated cash flow requirements, including estimated debt payments and the ability to locate additional financing (as needed) and have concluded that we can operate the entity as a going concern for the next 12 months from the date of the audit report date forward.

29. As part of the audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating someone, preferably senior management, with suitable skills, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Kelley J. Ogletree

Kelley Ogletree, Executive Director
Petroleum Storage Tank
Insurance Fund

Petroleum Storage Tank Insurance Fund
Year End: June 30, 2022
Attachment A: Adjusting Journal Entries
Date: 7/1/2021 To 6/30/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
3	6/30/2022	Leave Liability	4003				136,601.00		
3	6/30/2022	Claims Reserves	4101			1,104,000.00			
3	6/30/2022	Board Expenses	6403			3,553.00			
3	6/30/2022	Department of Revenue Expenses	6406				153.00		
3	6/30/2022	AGO Expenses	6407				62.00		
3	6/30/2022	DNR Expenses	6501			133,263.00			
3	6/30/2022	Increase/Decrease in IBNR Reserves	6603				1,104,000.00		
		PBC closing entry for IBNR and leave liability.							
4	6/30/2022	Accounts Payable	4001				12,245.00		
4	6/30/2022	Accounts Payable	4001				9,636.00		
4	6/30/2022	Board Expenses	6403			2,646.00			
4	6/30/2022	Other Legal Expenses	6408			4,678.00			
4	6/30/2022	DNR Expenses	6501			12,245.00			
4	6/30/2022	Subrogation Expenses	6203.1			2,312.00			
		PBC entry to adjust for 6/30/2022 accounts payable							
5	6/30/2022	Deferred Outflows of Resources	3001	N01		316,264.00			
5	6/30/2022	Deferred Outflows of Resources	3001	N01			296,856.00		
5	6/30/2022	Deferred Outflows of Resources	3001	N01			216,279.00		
5	6/30/2022	Deferred Outflows of Resources	3001	N01		127,907.00			
5	6/30/2022	Deferred Outflows of Resources	3001	N01		51,864.00			
5	6/30/2022	Deferred Outflows of Resources	3001	N01		9,721.00			
5	6/30/2022	Deferred Inflows of Resources	3002	N01		27,410.00			
5	6/30/2022	Deferred Inflows of Resources	3002	N01			607,272.00		
5	6/30/2022	Net Pension Liability	4201	N01		432,845.00			
5	6/30/2022	Pension Expense	6506	N01		470,660.00			
5	6/30/2022	Pension Expense	6506	N01			316,264.00		
		PBC entry to record pension liability for 6/30/2022 - GASB 68							
6	6/30/2022	Deferred Outflows of Resources	3001	N01		56,824.00			
6	6/30/2022	Deferred Outflows of Resources	3001	N01			56,062.00		
6	6/30/2022	Deferred Outflows of Resources	3001	N01		150.00			
6	6/30/2022	Deferred Outflows of Resources	3001	N01			8,524.00		
6	6/30/2022	Deferred Outflows of Resources	3001	N01			3,802.00		
6	6/30/2022	Deferred Inflows of Resources	3002	N01		3,263.00			
6	6/30/2022	Deferred Inflows of Resources	3002	N01			51,016.00		
6	6/30/2022	Deferred Inflows of Resources	3002	N01			3,591.00		
6	6/30/2022	Net OPEB Liability	4202	N01		46,054.00			
6	6/30/2022	OPEB Expense	6507	N01		73,528.00			
6	6/30/2022	OPEB Expense	6507	N01			56,824.00		
		PBC entry to record OPEB liability for 6/30/2022 - GASB 75							
7	6/30/2022	Board Expenses	6403	T2. 01			1,031.00		
7	6/30/2022	Department of Revenue Expenses	6406	T2. 01		2,201.00			
7	6/30/2022	AGO Expenses	6407	T2. 01			2,201.00		
7	6/30/2022	DNR Expenses	6501	T2. 01		1,031.00			
		PBC reclass between expenses							
8	6/30/2022	Accounts Payable	4001				132,062.00		
8	6/30/2022	Other Legal Expenses	6408			132,062.00			
		PBC adjustment to accrue for legal invoices received late from attorney. Services were provided in early FY2022, but not received timely from attorney.							
9	6/30/2022	Accounts Payable	4001				255,595.00		
9	6/30/2022	Net Position	5001			220,718.00			
9	6/30/2022	Underwriting Expenses	6301			34,877.00			

Petroleum Storage Tank Insurance Fund
Year End: June 30, 2022
Attachment A Continued: Adjusting Journal Entries
Date: 7/1/2021 To 6/30/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
		Audit adjustment to accrue for accounting and consulting services provided in June 2022 and to adjust the prior period net position for the same services provided in June 2021 that were paid and expensed in July 2021 (FY2022).							
						3,270,076.00	**3,270,076.00**		

Net Income (Loss) **477,962.00**

PSTIF Management Rep Letter FY2022

Final Audit Report 2022-10-28

Created:	2022-10-28
By:	Kevin Wiese (Kevin.Wiese@armaninoLLP.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAOBZWfJpNjtW8-byuyDIrHLZLdHZ3ywtq

"PSTIF Management Rep Letter FY2022" History

Document created by Kevin Wiese (Kevin.Wiese@armaninoLLP.com)
2022-10-28 - 5:27:05 PM GMT

Document emailed to kogletree@pstif.org for signature
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Email viewed by kogletree@pstif.org
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Signer kogletree@pstif.org entered name at signing as Kelley J Ogletree
2022-10-28 - 6:37:15 PM GMT

Document e-signed by Kelley J Ogletree (kogletree@pstif.org)
Signature Date: 2022-10-28 - 6:37:17 PM GMT - Time Source: server

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